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## **SECTION II**

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SECTION II FINANCIAL TERMS		
TERM	COUNTY VISION	PROPOSER'S RESPONSE
<b>II-1 Financial Benefits to the County</b>	<p>The County seeks to maximize the payments, economic benefits, and any other return on investment to the County in connection with the disposition of the Coliseum Site. The proposed financial benefits to the County should reflect the level of development shown on developer's site plan and in the development parameters attached to the Best and Final Offer.</p> <p>Developer must provide its best and final offer with respect to the following payments to the County.</p> <p>(a) If the disposition is a lease of the Coliseum Site:</p> <p>(i) <b>Option Period Rent.</b> The County is suggesting a year option period with a potential 2 year extension. Developer must identify when during the Option Period, and in what amount, developer proposes to start making option payments.</p> <p>(ii) <b>Base Rent.</b> Developer must set forth the amount of guaranteed base rent lease payments, as well as the commencement date for such rent, the proposed base rent escalations (e.g., the type/timing), and the proposed fair market rental resets.</p> <p>(iii) <b>Rent Increases.</b> Developer must set forth its offer to increase the guaranteed base rent if beneficial development (e.g., greater density) is approved and land value is increased, including any proposed formula for any such increased base rent. If the development plan is based on multi-phase development, developer must set forth its offer to increase the guaranteed base rent or other payment to the County in this instance.</p> <p>(iv) <b>Purchase Option Payments.</b> If there is a purchase option during the lease term, developer must describe the mechanics of this option, including the land to be purchased and the purchase price.</p>	<p>(a) Disposition is a lease of the Coliseum:</p> <p>(i) <b>Option Period Rent.</b> As specified in the initial submitted term sheet, CRC shall pay Approvals Period Rent or Option Period Rent of \$1,500,000 per year, commencing on the commencement of the fifth year after the Lease Agreement Effective Date, offset by any net gain under the SMG agreement.</p> <p>(ii) <b>Base Rent.</b> Upon Lease Commencement Date, Tenant pays base rent of \$1,500,000 per year. Lease Commencement Date shall mean the first business day after satisfaction of conditions listed above in section entitled "Approvals Period." Lease Term shall be a period of 99 years.</p> <p>(iii) <b>Rent Increases.</b> Base Rent shall be subject to annual CPI escalations with a cap of 3.5% and a floor of 2.5%.</p> <p>(iv) <b>Purchase Option Payments.</b> With the exception of the Coliseum Parcel, Tenant has the right to acquire fee title to the Development Parcel if one of the following occurs:</p> <ol style="list-style-type: none"> <li>(1) Tenant builds the Coliseum Parcel for the New York Islanders;</li> <li>(2) Tenant builds the Coliseum Parcel for an alternative sports use; or</li> <li>(3) Tenant pays the Renovation Fee of \$300 million.</li> <li>(4) Tenant builds a new Coliseum.</li> </ol>

	<p>(v) <b>Real Estate Taxes.</b> Developer will be expected to pay all real estate taxes on the land and the improvements, except that developer will not pay the County-portion of real estate taxes on the Coliseum building itself.</p> <p>(vi) <b>Utilities.</b> Developer will be solely responsible. Developer agrees to purchase any hot and chilled water, and steam, that the County obtains from Trigen.</p> <p>(b) If the disposition is a fee simple transfer of the Coliseum Site, developer must identify the proposed purchase price to be paid to the County, together with the proposed payment terms. The purchase price should be based upon “as is” physical condition of the property, and should assume that the approvals for the developer’s proposed development shall have been granted. Please provide any alternatives that would be applicable in the event of changes during the approval process.</p>	<p>Tenant shall have a right to purchase portions of the Coliseum Site, other than the Coliseum parcel and those portions necessary for the operation of the Coliseum, for one dollar provided</p> <p>(i) Coliseum Renovation, including parking improvements, is substantially completed or Completion Guaranty provided; and</p> <p>(ii) ownership is desirable for intended use. In addition, Tenant has option to purchase entire Coliseum site for one dollar upon expiration of Lease.</p> <p>(vi) <b>Real Estate Taxes.</b> Upon Lease Commencement Date, Tenant also pays real estate taxes on all land and improvements, except that Tenant will not pay the County portion of real estate taxes on the Coliseum itself and improvements necessary to the operation of the Coliseum, including any parking structure to extent serving the Coliseum.</p> <p>(vii) <b>Utilities.</b> Tenant shall be solely responsible.</p> <p>(b) CRC has provided a Fee Simple transfer option of the Development Parcel in answer (iv) above.</p>
<b>II-2 Coliseum Renovation</b>	<p>Developer must set forth the total cost of renovations to the Coliseum building and parking, including specific details on the breakdown of expenses.</p>	<p>As previously stated CRC will commit \$300 million on renovations to the Coliseum and new parking structures. CRC will assign \$200 million towards the renovation to the Coliseum.</p> <p>The Coliseum Renovations include additional seating and luxury boxes, increased and enhanced concession services and other amenities. A detailed breakdown of expenses will be available once a scope of work is finalized with SMG and the Islanders.</p> <p>The additional \$100 million will be spent on new decked parking.</p> <p><b>It is our preference to build a new Coliseum. We believe that a new Coliseum provides an immeasurable benefit to Nassau County, the Islanders, SMG, and the fans. (See answer I-6).</b></p>

<b>II-3 Revenue Sharing</b>	The County seeks revenue sharing opportunities with respect to the operations at the Coliseum, including ticket sales, luxury boxes, club seats, concessions, franchises, naming rights, broadcast rights and parking. Please set forth your offer to provide the County with revenue sharing opportunities from operations at the Coliseum building.	Nothing can change until the termination of the current SMG lease. After that time CRC is open to certain revenue sharing, especially as it pertains to a new Coliseum.
<b>II-4 SMG Lease Buyout / Condemnation</b>	Developer will be required to terminate or amend the SMG lease to obtain site control. This may be accomplished through mutual agreement or condemnation, in either case, at developer's sole cost and expense. Developer must identify the preferred course of action and set forth estimated expenses associated with that course of action.	CRC has met with representatives of SMG. We believe those discussions were constructive and we are confident that a mutually satisfactory arrangement can be achieved between CRC and SMG to effectuate the development of the Coliseum Site.
<b>II-5 Public Transportation</b>	Developer must set forth its offer of financial support for public transportation improvements.	Should the County follow through with the proposed monorail system, CRC shall work with the County to provide an onsite station as well as the necessary access and easements at the Coliseum site.  <b>In addition, CRC will increase its bid to contribute \$25 million over the course of five years toward the construction of the monorail system once Nassau County starts construction of the project.</b>
<b>II-6 Financing Plan</b>	<p>The developer must provide to the County its financing plan which must be satisfactory to the County (in consultation with its advisors) in all respects.</p> <p>This financing plan should include all information required to provide the County sufficient data to evidence that the proposed development can be financed, constructed, and delivered in a timely fashion. The financing plan should contain the following:</p> <ol style="list-style-type: none"> <li>1. Development schedule and budget;</li> <li>2. Sources and uses statement; <ul style="list-style-type: none"> <li>• Sources, amounts, terms and conditions of financing and developer's equity; and</li> <li>• Breakdown of uses of funds in the project, including an itemized list of all costs associated with the improvements of the Site.</li> </ul> </li> <li>3. Evidence of financing consistent with sources and uses statement;</li> <li>4. Evidence of financial capacity of lenders and equity sources;</li> <li>5. Identity and financial capacity of guarantor to guaranty lien-free completion of the project.</li> </ol>	<ol style="list-style-type: none"> <li>1. Development Schedule and Budget is provided in Section III (Development Parameters).</li> <li>2. Refer to attached Exhibit A (Financial Plan).</li> <li>3. Refer to attached Exhibit A (Financial Plan).</li> <li>4. Refer to attached Exhibit A (Financial Plan).</li> <li>5. Refer to attached Exhibit A (Financial Plan).</li> </ol>

	At the County's request, developer will submit a supplemental financing plan setting forth such information as County (in consultation with its advisors) deems, in the exercise of its sole discretion, helpful or relevant in evaluating developer or any aspect of its proposal and indicating any and all changes from any initial financing plan.	
<b>II-7 Completion Guaranty</b>	Developer shall be required to deliver to the County a guaranty of the lien-free completion of the Coliseum renovation (including all improvements necessary for the operation of the Coliseum) in accordance with applicable law, and all other improvements proposed to be completed on the balance of the Coliseum Site, together with bonds, security deposits and/or other security acceptable to the County. All guaranties must be executed by entities and/or individuals whose financial capability shall have been demonstrated to the County's satisfaction. Please describe the amounts and various types of security instruments that are being offered to guaranty performance and completion.	<p>As previously stated, CRC will have over \$1,000,000 in costs to go through the zoning process. So long as CRC is using good faith efforts and actively pursuing land use approvals, the Lease will be in full force and effect. CRC will take on all monetary risks associated with obtaining the required Approvals. In the event the Approvals are not granted, CRC will not seek reimbursement from the County.</p> <p>Once CRC has obtained the PUD, County and Health Department Approvals along with the Building Permit for the first phase, CRC will provide a construction completion guarantee for the Coliseum Renovation satisfactory to the County. The guarantee can be in the form of a Letter of Credit as spelled out in our response to the RFP or some other form reasonably acceptable to the County.</p>
<b>II-8 Costs and Expenses</b>	<p>The developer shall be solely responsible for the following costs and expenses:</p> <ul style="list-style-type: none"> <li>(i) to the extent applicable, New York State real property transfer and conveyance taxes;</li> <li>(ii) recordation fees with respect to any recordable instruments contemplated by the documents, such as a lease or contract of sale, which shall govern the disposition of the Coliseum Site; and</li> <li>(iii) the cost of any surveys desired by the Developer.</li> </ul> <p>In addition, the Developer shall also be responsible for payment of the following costs and expenses of the County in connection with this disposition, the negotiation and drafting of the contract of sale/lease and related documents, and the closing of any transactions relating to the disposition of the Coliseum: fees and disbursements of outside counsel, engineers, appraisers, consultants, and financial and real estate advisors retained by the County.</p> <p>Disposition of the Site will trigger the need for an environmental review(s), including review under SEQRA. The Developer will fully compensate the responsible governmental unit or units for all costs and expenses associated with compliance with applicable environmental laws and regulations, including but not limited to the cost and expenses of preparing any and all reports, analysis, and documentation; public notifications, outreach, meetings, and hearings; and the procurement of environmental consultants and counsel as may be required.</p>	<p>Understood and agreed to by CRC.</p> <p><b><u>Should CRC be designated as the Developer, CRC will immediately retain a traffic engineer and commence work on a traffic report.</u></b></p> <p>Understood and agreed to by CRC.</p>

All principals of the development team must respond to each point above and sign below. These signatures authenticate the response submitted herein and constitute acceptance of the County's process, requests and submission requirements to date regarding proposals for the redevelopment of the Coliseum Site.

COMPANY: Mets Development Company, LLC

BY:

NAME: Jeffrey Wilpon

TITLE: Sr. Executive Vice President & Chief  
Operating Officer

DATE: December 23, 2005

COMPANY: Blumenfeld Development Group, Ltd.

BY:

NAME: David Blumenfeld

TITLE: Vice President

DATE: December 23, 2005